April 9, 1969

25X1A

Declass Review by NIMA/DOD

Post Office Box 6788
Fort Davis Station
Washington, D. C. 20020

25X1A

25X1A   Subject: Contract [   ]

25X1A   Dear [   ]

    The schedule of the contract sets forth an amount of [   ] per hour for computer time. The utilization of this figure implies that this was a negotiated price per hour of 25X1A computer time. This is not the case. The figure was set forth in our letter of 10 August 1966 as the cost of our 360 at that time.

    At the time the Buyer felt that he was required to use the figure as a measure of costs involved which thought was within the basic meaning and intent of a Time and Material contract. This is to say, that the Contractor shall be reimbursed for labor time at a fixed rate per hour and all materials and other direct costs at cost. The cost of our 360 has consistently increased until recently it was exceeding [   ] per hour 25X1A cost based on a 176 hour month. Obviously, the speed and efficiency of the machine has increased which in turn decreases the actual time on the computer.

    Recently for reasons of sound business management, overhead control and the like, we found it necessary to restructure the Company. We have, therefore, established our Systems Division which specializes in Computer Systems effort, Software and Information Retrieval. In order to meet competition in the commercial market we have established a Sale Price rate for 360 time on prime shift at [   ] per hour which is considerably 25X1A less than the machine cost based on a 176 hour month.   25X1A

    Accordingly we request that the rate of [   ] per hour be deleted from the con-
25X1A   tract and the rate of [   ] be specified pursuant to the changes clause. We have inclosed a copy of our current rate schedule to show the basis for the rate. This is a sale price rate, accordingly we do not expect to receive G & A on the amount expended in computer time.

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    We estimate we will require 50 additional hours of 360/40 time to complete the tasks assigned under the contract. Request approval of the utilization of this quantity of hours.

69- DC - 1089-1

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I trust this meets all of your requirements. If you have any questions, please contact me.

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REW/dt

Incl. a/s

GROUP - 1
Excluded from automatic
downgrading and
declassification

RATE SCHEDULE
effective 3/9/69

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A. CONSOLE CHARGES

Note: I.   Does not include terminal devices.

           II. Does not include telephone, etc. line charge.

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Minimum Usage

35 million character or less data base (1 bin)
35 million to 70 million (2 bins)

Note: Larger data base minimums are calculated by multiplying the above "1 bin" minimum rate categories by the total number of bins required to contain the file.

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B. DATA BASE BUILDING

Note: I.   Assume IBM 2400 magnetic tape input.

           II. Cards require special quotation.

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Data Base Preparation

Note: I.   Assumes legible data.

           II. Key entry and sight verification.

RATE SCHEDULE (CONT'D.)
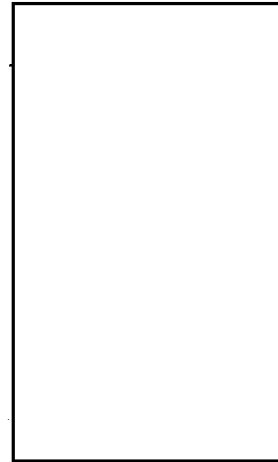Page 2 of 4
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C. MACHINE TIME

Time of Use

1st Shift: 8:00 AM - 5:00 PM
Background Processing Rate
on Partial Configurations

2nd Shift: 5:00 PM - Midnight
2 hours or more block usage

3rd Shift: Midnight - 8:00 AM
Note: Available only if 2nd shift is filled

Background Partition Printing

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Note: I.   All Prices Include:

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    a) The use of [   ] current version of DOS.
    b) Operator
    c) Minimal computer supplies
    d) The use of magnetic storage for two (2) weeks or less.

II. Complete setup and tear down times are charged to the customer.

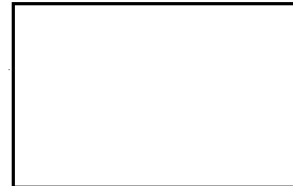III. All background printing is scheduled at [   ] convenience.

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RATE SCHEDULE (CONT'D.)
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E. ANALYST/PROGRAMMER

Level

Senior
Junior

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F. SOFTWARE PURCHASE AND MAINTENANCE

Information Retrieval (object programs)   )
TTAM (object programs)   )   Prices available on special
Maintenance for three (3) year period   )   quotation basis.

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SENDER WILL CHECK CLASSIFICATION TOP AND BOTTOM

UNCLASSIFIED		CONFIDENTIAL		SECRET

CENTRAL INTELLIGENCE AGENCY
OFFICIAL ROUTING SLIP

TO	NAME AND ADDRESS	DATE	INITIALS
1	6N133		
2			
3			
4			
5			
6			

	ACTION		DIRECT REPLY		PREPARE REPLY
	APPROVAL		DISPATCH		RECOMMENDATION
	COMMENT		FILE		RETURN
	CONCURRENCE	X	INFORMATION		SIGNATURE

Remarks:

Thought you'd be interested in this — incidentally _____ had verbally told _____ to use the computer time. He okayed 436+ hours — on a speed [with dated 17 Feb 67]

FOLD HERE TO RETURN TO SENDER

FROM: NAME, ADDRESS AND PHONE NO.	DATE
	4/21/69

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(40)

FORM NO. 237   Use previous editions
2-61

U.S. GOVERNMENT PRINTING OFFICE : 1961 O—587282

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